



APPRAISAL POLICIES AND PROCEDURES

Approved by the MET Board of Trustees on April 7, 2008

Appraisal Review / Signing the IRS 8283 Form for Noncash Charitable Contributions

In order for MET to sign Form 8283, the information in Section B, Part 1, "Information on Donated Property," and Part 3, "Declaration of Appraiser," must be complete.

MET will require a full appraisal by a qualified appraiser for review in all cases. For donations in excess of \$500,000, a full appraisal must accompany the taxpayer's return (IRC §170(f)(11)(D)).

Staff appraisal review focuses on determining that the assumptions of the appraisal accurately reflect the restrictions, prohibitions, and other terms of the easement; thus MET may correctly represent that it has "received the donated property *as described* in Section B, Part 1" of Form 8283. The appraisal report is part of that description. MET may refuse to sign the 8283, or may seek revisions in the appraisal, if the appraisal is inaccurate, implicitly or explicitly, in its representation of the easement terms.

As stated on Form 8283, "This acknowledgement (the donee's) does not represent agreement with the claimed fair market value." While some MET staff have prior training/education in appraisals, none are currently licensed appraisers. MET will rely on the qualified professional appraisers to establish value.

If the Trust believes that no gift has been made or the property has not been accurately described, it may refuse to sign the form. If MET has significant reservations about the value of the gift, particularly as it may impact the credibility of the Trust, it may seek additional substantiation of value or may disclose its reservations to the donor. Further, staff may refuse to sign an 8283 in cases where the easement conveyance is not a gift, e.g. a regulatory requirement, a condition of a contract, a developer easement or other *quid pro quo* easements. Staff will make every effort to identify any such potential easements early in the process and educate the parties involved that such easements lacking donative intent would not be tax deductible.

Other factors that could provide the basis for refusing to sign the 8283 form include: factual errors, inaccurate representations of easement restrictions, if no appraisal report is provided to the Trust, or if the enhancement value to a landowner of property adjacent to the easement land is not addressed.

Appraiser Qualifications

Appraisers shall have all the necessary Maryland licenses and certifications and follow the Uniform Standards of Professional Appraisal Practice (USPAP). Additionally, appraisers must meet the requirements of a "qualified appraiser," as defined in IRS Notice 2006-96, titled "Guidance Regarding Appraisal Requirements for Noncash



Charitable Contributions,” and all subsequent refinements of the definition of “qualified appraiser.”

Landowner Responsibility

The easement donor, and not MET, is responsible for obtaining the services of an IRS qualified appraiser. Upon request, MET may provide a list of appraisers that have done satisfactory appraisals for MET easement donors in recent years. The list is provided with the caveat that the prospective donor is still responsible for determining that any selected appraiser that he/she may select from the list is IRS qualified.

Landowner Letter

MET will send a form letter to potential easement donors informing them of their obligation to obtain an IRS qualified appraisal from an IRS qualified appraiser, and advising them to use a state-licensed or state-certified appraiser who follows USPAP. The letter will include as attachments the relevant IRS notices and regulations explaining IRS requirements for appraisers and appraisals, the most current Land Trust Alliance standards dealing with appraisals, a copy of the most recent Form 8283 and instructions, and a copy of this policy. MET will post the letter and attachments on its website, under Tax Benefits.

Appraiser Letter

MET will provide to appraisers working with prospective donors a letter describing MET procedures for reviewing appraisals, including: purpose and focus of staff review, timing requirements, and any current issues that MET believes merit special attention. (Example: IRS guidance that easements must do more than reduce the number of houses that could be built on the property; they must actually protect IRS conservation purposes). MET will post the letter on its website, under Tax Benefits.

Use of Conservation Easement Appraisal Report Summary (Optional)

MET shall maintain a “Conservation Easement Appraisal Report Summary,” which is a checklist to be completed by the appraiser showing that he/she has addressed all of the issues that the IRS requires. The “Conservation Easement Appraisal Report Summary” shall be recommended to appraisers, but not required. The form is adapted from Conservation Partners, LLC in Virginia, a broker for donated easement state income tax credits in that state.

Supplemental Materials

- Landowner Letter
- Appraiser Letter
- Conservation Easement Appraisal Report Summary
- Land Trust Alliance Standard and Practices, Practices 10B and 10D
- IRS Notice 2006-96 “Guidance Regarding Appraisal Requirements for Noncash Charitable Contributions”